

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

September 23, 2004

PUBLIC SESSION

A meeting of the Board of Directors of the Rhode Island Industrial Facilities Corporation ("RIIFC") was held in public session at the offices of RIIFC, One West Exchange Street, 5th Floor, Providence, Rhode Island, on Thursday, September 23, 2004 beginning at approximately 9:00 a.m., pursuant to a notice and agenda duly posted and sent to all members.

Members present throughout the meeting were Mr. Edward Rendine, Mr. Phillip Rivers, Mr. William Parsons and Mr. Raymond Fogarty. Mr. George Mason was absent from the meeting. Also present and participating were Mr. Earl Queenan, Jr., Treasurer of RIIFC, Ms. Philomena Teixeira, Loan Servicing Specialist for RIIFC and Ellen Corneau, Esquire, bond counsel to RIIFC along with Laurie Enslow, Legal Assistant for bond counsel. Mr. Rendine presided and called the meeting to order.

MINUTES OF THE AUGUST 26, 2004 BOARD MEETING

The first item to come before the Board in Public Session was consideration of the Minutes for the Board meeting held on August 26, 2004 (the "August 26th Minutes").

Mr. Rivers made a motion to accept the August 26th Minutes and to maintain the Executive Session portions of the August 26th Board Meeting as confidential. Mr. Fogarty seconded the motion, which

passed unanimously as follows: Mr. Edward Rendine yes; Mr. Philip Rivers yes; Mr. Raymond Fogarty yes; and Mr. William Parsons yes.

MINUTES OF THE SEPTEMBER 2, 2004 BOARD MEETING

The second item to come before the Board in Public Session was consideration of the Minutes for the Board meeting held on September 2, 2004 (the "September 2nd Minutes").

Mr. Parsons made a motion to accept the September 2nd Minutes and to maintain the Executive Session portions of the September 2nd Board Meeting as confidential. Mr. Fogarty seconded the motion, which passed unanimously as follows: Mr. Edward Rendine yes; Mr. Philip Rivers yes; Mr. Raymond Fogarty yes; and Mr. William Parsons yes.

CONSIDERATION OF AN EXTENSION RESOLUTION FOR THE BENEFIT OF CHAPEL ASSOCIATES, LLC

The third item to come before the Board in Public Session was consideration of an Extension Resolution for the benefit of Chapel Associates, LLC ("Chapel").

Mr. Pandozzi began by stating that the Resolution had been extended previously, but Mr. Pandozzi believes that this will be the final extension. Ms. Corneau added that the last time the Resolution was

extended, RIIFC made a motion for any further extensions to be subject to a potential fee imposed by RIIFC. However, Ms. Corneau stated, Chapel is now being extremely diligent and therefore the deal will probably close within the next two weeks. Ms. Corneau added that the extension is only for one month and that the reason this deal will not close by the end of the month is because the bank's attorney is on vacation.

Mr. Parsons made a motion to accept the Resolution for Chapel. Mr. Fogarty seconded the motion, which passed unanimously as follows: Mr. Edward Rendine yes; Mr. Philip Rivers yes; Mr. William Parsons yes; and Mr. Raymond Fogarty yes.

CONSIDERATION OF A RESOLUTION FOR THE BENEFIT OF EAGLE SQUARE COMMONS REGARDING A SUBORDINATION OF MORTGAGE

The fourth item to come before the Board in Public Session was consideration of a Resolution for the benefit of Eagle Square Commons ("Eagle Square").

Mr. Pandozzi began by stating that the Resolution is in connection with the Eagle Square TIF deal that RIIFC completed last fall. The Eagle Square deal included a trust indenture and a mortgage that gave a first priority interest to RIIFC and IRBA. Subsequently, Eagle Square obtained additional financing from Sovereign for additional improvements. Sovereign is now requesting a lien with a first priority for the additional financing. RIIFC will need to subordinate its

interest in the property in order for Sovereign to get a first priority lien.

Mr. Rendine questioned the subordination by asking if it was going to be subject to a purchase money security lease. Ms. Corneau responded affirmatively, stating that the subordination will be subject to a purchase money security lease but only on a small portion. Mr. Scolavino added that Eagle Square was comprised of commercial condo units.

Mr. Rendine questioned how much RIIFC was being asked to subordinate. Ms. Corneau responded by stating that she did not know the complete IRBA analysis. She continued that there is a portion of the condo units that need leasehold improvements and Sovereign will require a first lien before they will finance those improvements. Ms. Corneau also stated that the new appraisals show a value that covers more than enough of Sovereign's new first lien in addition to the bonds. Mr. Scolavino added that there is no lack of collateral.

Mr. Rendine again asked how much IRBA is being asked to subordinate. Mr. Scolavino stated that it was about one million dollars. Mr. Rendine stated that RIIFC needs to accommodate IRBA. Mr. Rendine also stated that RIIFC has examined the matter on the surface and it's not crystal clear to Mr. Rendine, however, if IRBA has reviewed and agreed to it then Mr. Rendine believes that RIIFC should support their approval.

Ms. Corneau stated that not having a first mortgage on at least a portion of the Project is important because her understanding is that

Eagle Square will want to finance leasehold improvements on many of the remaining parcels and they will have the same request for a first lien from any bank that does the financing. Mr. Scolavino responded that RIIFC will address that issue when it comes before the Board.

Mr. Fogarty made a motion to accept the Resolution for Eagle Square. Mr. Rivers seconded the motion, which passed unanimously as follows: Mr. Edward Rendine yes; Mr. Philip Rivers yes; Mr. Raymond Fogarty yes; and Mr. William Parsons yes.

ADDITIONAL BUSINESS

Mr. Queenan stated that he received the draft statements for the Financials for RIIFC 2004. In addition, the RIIFC budget that is submitted to the budget office is complete. Both the draft Financial Statements and the Budget will be on the Agenda for the October meeting.

EXECUTIVE SESSION

(There was no executive session)

ADJOURNMENT

Mr. Rivers made a motion to adjourn the meeting. Mr. Fogarty seconded the motion, which was passed unanimously as follows: Mr. Edward Rendine yes; Mr. Raymond Fogarty yes; Mr. William Parsons yes; and Mr. Phillip Rivers yes.

Respectfully submitted,

Anthony Scolavino, Secretary

SECRETARY'S CERTIFICATE

I, Anthony Scolavino, Secretary of the Rhode Island Industrial Facilities Corporation, hereby certify that attached hereto is a true and accurate copy of the minutes of the meeting of the Board of Directors of the Rhode Island Industrial Facilities Corporation held on September 23, 2004. These minutes were approved by the Board of Directors at a meeting held on October 28, 2004.

Anthony Scolavino, Secretary

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